THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.

ANNUAL REPORT

America's Choice for 135 Years

COMPARATIVE HIGHLIGHTS

(Dollars in thousands, except per share figures)	*The Great Atlantic & Pacific Tea Company, Inc.* Fiscal 1993	Fiscal 1992	Fiscal 1991
Sales	$10,384,077	$10,499,465	$11,590,991
Income (loss) before cumulative effect	3,959	(98,501)	70,664
Net income (loss)	3,959	(189,501)	70,664
Income (loss) per share before cumulative effect	.10	(2.58)	1.85
Net income (loss) per share	.10	(4.96)	1.85
Cash dividends per share	.80	.80	.80
Expenditures for property	267,329	204,870	161,902
Working capital	79,207	56,769	173,866
Current ratio	1.07	1.05	1.16
Shareholders' equity	994,417	1,034,330	1,253,106
Book value per share	26.02	27.06	32.79
Number of stores at year end	1,173	1,193	1,238

COMPANY PROFILE

The Great Atlantic & Pacific Tea Company, Inc., based in Montvale, New Jersey, operates conventional supermarkets and larger superstores in 23 U.S. states, the District of Columbia and Ontario, Canada, under the A&P, Waldbaum's, Food Emporium, Super Fresh, Farmer Jack, Kohl's, Dominion and Miracle Food Mart trade names. As of the fiscal year ended February 26, 1994, the Company operated a total of 1,173 stores. Through its Compass Foods Subsidiary, the Company also manufactures and distributes a line of coffees under the Eight O'Clock, Bokar and Royale labels, both for sale through its own stores and by other companies outside of A&P's trading areas.

CONTENTS

135 YEARS OF

In 1859, George Huntington Hartford chose a new way of doing business. He bought shiploads of tea and, operating from a retail tea shop at a choice location in lower Manhattan, sold directly to consumers at prices lower than typical merchants. This was the beginning of The Great Atlantic & Pacific Tea Company, Inc.

Mr. Hartford's never-before-seen variety of teas was soon coupled with choice selections in coffee. As the Hartford family grew, and sons entered the business, A&P grew. They opened more stores and built the first grocery chain in America.

George, Jr. made a change that added another dimension to the grocery business. He launched a private-label baking powder that gave his customers brand quality for less money. The opportunity to obtain greater quality at better value was a tremendous success, and a new retailing concept — the private label — was born.

Customer demand for high quality and great value has always determined the choices we offer our shoppers. Fulfilling that demand is what has made A&P America's choice for 135 years.

Pictured Left to Right:
Fred Corrado, Vice Chairman of the Board, Chief Financial Officer and Treasurer; Peter O'Gorman, Executive Vice President, Development and Strategic Planning; James Wood, Chairman of the Board and Chief Executive Officer; Michael J. Larkin, Executive Vice President, Operations; Christian W.E. Haub, President and Chief Operating Officer

Our 1993 fiscal year, while producing a small profit, was very disappointing because of the most serious strike the company has had in its 135 year history. We did make progress; U.S. sales trends improved throughout the year, we successfully launched the most extensive new brand in the country (America's Choice) and set the stage to be more competitive in Canada.

Net income for the year ended February 26, 1994 was $3,959,000 or $.10 per share on sales of $10,384,077,000 compared with a net loss of $189,501,000 or $4.96 per share on sales of $10,499,465,000 in fiscal 1992. Fiscal 1992 results included non-recurring charges of $205,238,000 or $5.37 per share.

The year-to-year sales shortfall resulted primarily from the 14-week closure of 63 Miracle Food Mart and Ultra Mart stores in Ontario, Canada, resulting from a strike by UFCW locals 175 and 633. The strike was resolved and stores re-opened on February 25, 1994. However, results for the year were adversely affected by an estimated $.63 per share related to the strike.

Improvement in Sales

Same store sales for the fourth quarter of fiscal 1993, excluding the 63 stores closed during the period affected by the strike, were 3.8% ahead of last year's fourth quarter for the total company. In the U.S., same store sales were 3.7% ahead of the prior year. These results were partially aided by adverse weather conditions, but also reflect the sales improvement which began in the third quarter of fiscal 1992.

We had a good comeback going in 1993 with sales and profits improving, led by Canada, until we hit the labor problem. This strike was caused by changing business conditions in Ontario over the past several years. During that time, competition introduced non-union, franchise discount stores and negotiated low-cost labor contracts for larger units, creating a cost advantage for them and lost sales and jobs for us.

We now have a better understanding with our unions and the new Canadian labor agreement ends the competitive cost disadvantage that the Miracle Food Mart stores have faced since their acquisition three years ago. Our challenge now is to build sales volume, and we continue with strong promotions to gain our business back. A&P and Dominion posted fourth quarter sales gains, benefiting from an improving economy and increased promotional campaigns. As the Miracle Food Mart operations improve, our Canadian company can again be expected to return to a positive sales and profit performance.

Metro New York, Waldbaum's, and Super Fresh operations account for over 50% of our sales, and as a group, are among the leading supermarket operations in the country. Same store sales performance is substantially better than last year. The Metro Group and Waldbaum's are performing very well, with revenues returning to pre-recession levels and Super Fresh in the Delaware Valley had double-digit sales growth in the fourth quarter.

In the Midwest, several years of investment are beginning to produce returns. Most stores in Michigan are now operating

under the Farmer Jack banner, and the business has shown consistent improvement. Same store sales in the region have been positive for the past four months and continue to grow. We have negotiated a more competitive labor agreement for stores outside of the Metro Detroit area which will provide additional growth opportunity. With an enhanced competitive position and our Kohl's subsidiary in Wisconsin continuing to perform well, we expect this group to be a good profit contributor in 1994.

In the Southeast, we have consolidated the Big Star operations into A&P and converted continuing stores in Atlanta to A&P Food Markets. Atlanta has become an extremely competitive market with new store openings adding substantial square footage in the metropolitan area. It is another acquisition challenge in difficult circumstances. We are currently launching a strong new marketing/merchandising program, introducing unbeatable weekly specials and a "Frequent Shopper" program made possible through the implementation of new technological systems installed during store conversions.

These same aggressive sales programs will also be used in the New Orleans, Baton Rouge and Gulf Coast markets during 1994.

The A&P Family of Products Becomes America's Choice

In October 1993, we introduced America's Choice, our new store brand for all banners. America's Choice will give us one broad private label brand for the entire company, enabling us to offer customers better quality products at prices well below national brands, and further improve our private label profitability.

Within the year, all U.S. stores in the A&P family will be able to offer 1,400 SKU's (stock keeping units) bearing the America's Choice label, replacing over 3,500 duplicated store name items previously stocked in our warehouses. Not only will we achieve significant economies in distribution and inventory costs, but we will also realize improvements in quality control and merchandising. This new traditional private label brand will compliment our very successful Master Choice premium private label which continues to build customer preference since its introduction six years ago.

A&P introduced private label back in the 1800's. Today, the company's Eight O'Clock brand represents the epitome of private label success with 70% of sales now to non-A&P stores. This great product lives up to its steaming extravaganza sign in the heart of New York's Times Square which heralds, "America's #1 Bean Coffee". With Eight O'Clock, Master Choice and America's Choice, we fully expect to be the leading innovator in private label merchandising in the late 1900's as well.

Five-Year Development Plan

We have revitalized our new store development program by spearheading financing for key projects and being more aggressive in working with developers to bring prime locations to fruition.

During 1993, we opened 16 new stores and remodeled or enlarged 111. In 1994, we have committed $340 million to capital expenditures for 35 new stores and 120 remodels and enlargements. Our near-term goal is 50 new stores per year. We will concentrate on larger store formats in the 50,000 to 60,000 square-foot range, with expanded services and convenience for our customers. Our capital expenditures will stay at high levels to continually enhance our store base, building more profitable operations and market shares.

Our acquisition program of the 1980's allowed us to maintain square footage as we closed over 600 outmoded stores in 10 years. Our new store development program will now allow us to grow square footage over the next 10 years.

Increase Promotion to Build Sales

We have adopted a dominant weekly features approach in promotions and advertising across the company to build sales volume. Special advertising campaigns for "Unbeatable Prices," "Fast Lane Service," "America's Choice," and "Frequent Shopper" programs are being utilized in key markets. In April, we sponsored a star-studded variety special called America's Choice that was televised in 60 markets all over the country. This was a unique approach to promoting our new private label and celebrating the 135th anniversary of The Great Atlantic & Pacific Tea Company, Inc.

One Hundred Thirty-Five years is a long time to be at the forefront of food retailing. Today, we have an outstanding group of people who continue to meet the challenges of this fascinating business. In the past year, we have added several new talented individuals to our strong management team. Christian Haub, elected as President and Chief Operating Officer late in 1993, after heading up new store development during the past two years, brings the dedication and enthusiastic leadership A&P will need to get back on top in the 21st century.

That is our goal, and I believe we have all the resources to achieve it.

Sincerely,

James Wood

JAMES WOOD
Chairman of the Board and
Chief Executive Officer

1173 Locations

A&P store 1880's

Our new A&P Sav-A-Center in North Bergen, New Jersey, is representative of our store of the future and also indicative of our expansion strategy. The 56,000 square-foot store offers customers one-stop shopping convenience enhanced by neighborhood-specific merchandising programs. This superstore opening is in line with our strategy to expand core markets along specific distribution paths to achieve economies of scale and strengthen barriers of entry on our target markets.

Choice LOCATIONS

Choice locations are critical to our customers and to our operating strategy. As the oldest supermarket chain in the country, we have consistently secured locations at choice leasing rates.

Our advantage here is two-fold: First, we gained a significant competitive advantage by securing early entry in the best markets while keeping our costs low. Second, our customers benefit because we have the best locations in any given locale — with easy access and optimal parking and in a central area within a well-populated neighborhood. To the shopper, choice begins with a convenient location.

The A&P family of companies now totals 1,173 stores operating under eight banners, each with its own shopping appeal and store personality. Each store format is tailored to the trading area it serves — ranging from center-city stores to modern superstores and combination stores, in a diverse variety of neighborhoods from the Bronx and downtown Detroit to Manhattan and affluent suburbs. Our stores appeal to different kinds of shoppers across five geographic areas: Northeast, Midwest, Mid-Atlantic, Southern United States and Canada.

Although more than half our stores are known by other names, A&P remains our anchor chain. It is our single most visible trade name, competing on strong service and the convenience of our many locations. Our Miracle Food Mart, Waldbaum's and Farmer Jack stores are strong price competitors while Food Emporium, Kohl's and Dominion have strong appeal for upscale, urban shoppers. Super Fresh emphasizes quality perishables and friendly service.

Our desire to be the supermarket of choice in all our markets unifies our activities across all banners.

B R A N D S

As the supermarket that always offered more choices, we have traditionally carried a full range of well-known national brands.

But — harking back to George, Jr. — another part of our tradition has been developing high-quality, high-value store brands, or private labels. Indeed, our history is rich with such American staples as Ann Page, Jane Parker and Eight O'Clock coffee.

Today, recession-weary consumers often seek the price savings offered by private labels. These products now account for about 20 percent of our grocery sales and yield profit margins above nationally branded products.

To take advantage of this trend, we have adopted a three-tier private label strategy: America's Choice offers national brand quality at prices averaging 15-to-20 percent lower than national brands; Master Choice offers better-than-brand quality at lower-than-brand prices; and Savings Plus competes on the generic products price level.

In addition to these labels, which offer depth and breadth of product, we have two specialty product labels that are truly unique: Health Pride and Eight O'Clock.

Health Pride is our new, banner-wide private label for cold remedies, pain relievers, and other first aid and medical products. It offers customers the same quality and cost-saving advantages as America's Choice.

Eight O'Clock coffee is our best-known brand and one of the most recognized labels in America. Eight O'Clock is the oldest private label in the U.S. and, with 70 percent of sales outside the A&P family of stores, a highly profitable operation.

Private label and national brands

Baking Powder was among A&P's first private labels launched in the 1880's

Our customers choose from a vast, well-balanced selection of national brands and private label products when shopping for their grocery needs as well as their health and beauty products. And our three-tier private label strategy ensures that all our customers have their choice of quality products at a price that fits their budget.

Services for Convenience

Customer service 1930's

One of our new A&P Sav-A-Centers (above) gives customers ultimate convenience by segmenting express lines into five, 10, or 20 items. Members of our pleasant, well-trained store operation staff (right) ensure that service is always on hand.

Choice

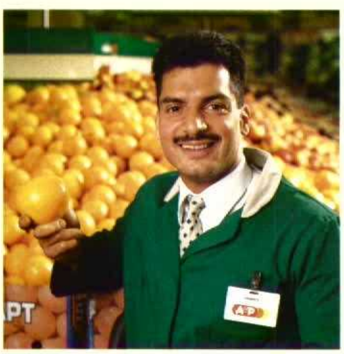
SERVICES

Time is often in short supply for today's food shopper, so we're helping customers stretch their time budget as well as their food budget. A&P and our other upscale stores have long been known for superior service. But our newest stores, and our future stores, will go even further in addressing the critical time constraints of our customers.

For example, one of our newer stores in Holmdel, New Jersey, is 56,000 square feet dedicated to one-stop shopping. In addition to an enhanced produce department, the store features a floral department, a seafood counter, a deli/carry-out center, a butcher shop, the corner bakery, expanded frozen food offerings, a cheese island, dairy, health and beauty products, a pharmacy, and the all-important courtesy counter. These amenities offer high quality as well as time-saving services.

We also strive to make the shopping experience convenient. The check-out process is of paramount importance to our customers, and we are constantly exploring alternative procedures to achieve the most efficient operation in each locale. For example, we have added two-to-three express checkouts. At the same time, we're adding baggers on our regular check-out lines to help move them along. We've successfully launched these improvements at Waldbaum's and we're extending these programs to other locations this year.

Like our private label products, A&P's distinctive service provides better-value choices for our customers.



Choice

QUALITY AND VALUES

Quality and value are often subjective and difficult to define. At A&P we define quality and value by fine produce, choice deli and bakery goods, a pleasant shopping environment and exceptional store brands.

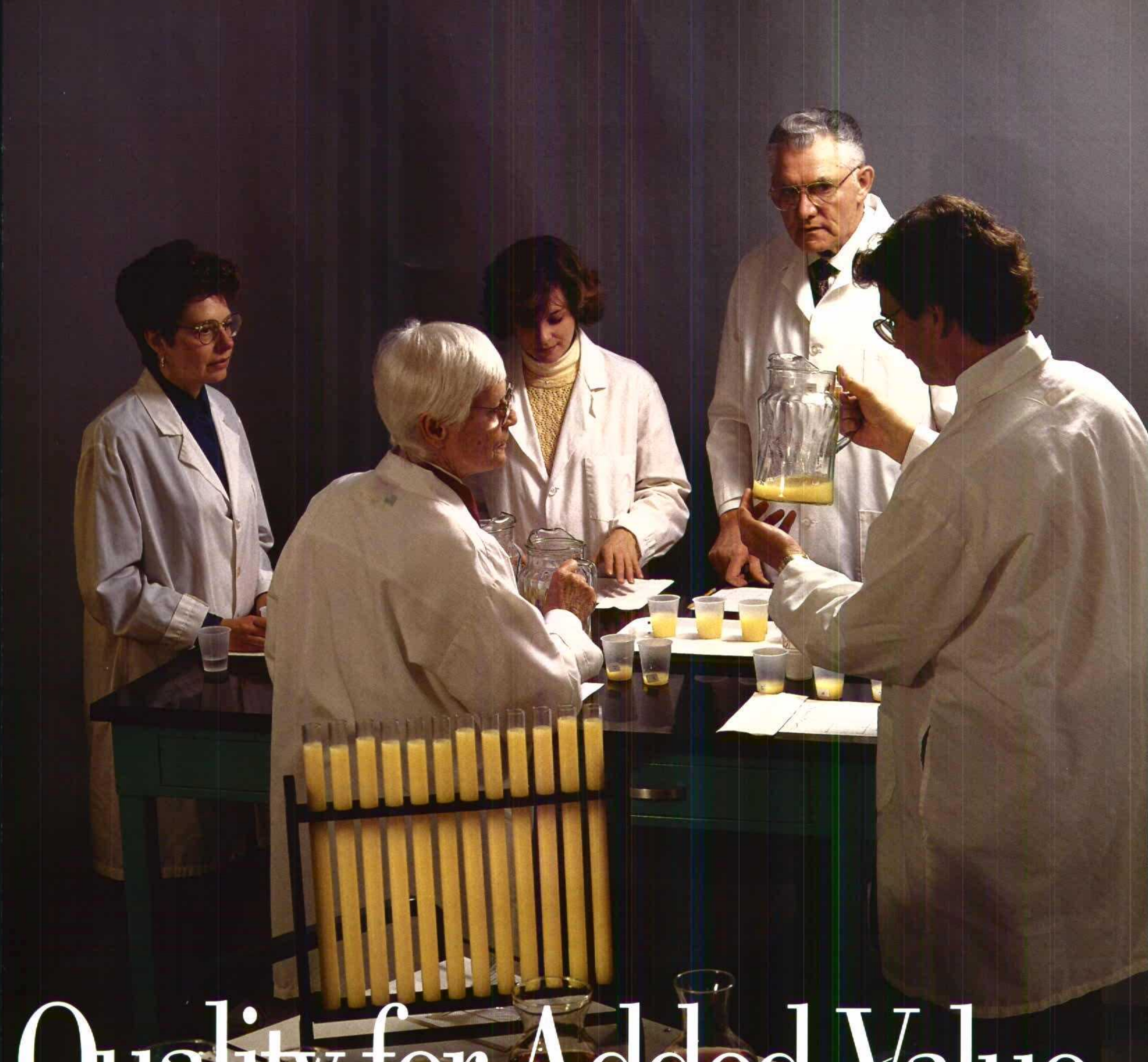
Our goal, now as always, is to consistently provide the highest quality at the lowest possible price. A customer encounters quality and value at every step through our stores.

Our produce departments offer an exciting array of fruits and vegetables, all fresh and attractively displayed. These fragile products are tended by our well-trained store operations crew, who make it their job not only to showcase the produce but to ensure quality control by offering our customers only the freshest items available.

Particularly in our metropolitan stores, the traditional once-a-week trip to the supermarket is being replaced by "quick" trips to grab something for an immediate meal. And the deli department has become the "restaurant" of choice for many of our harried customers, often stopping on their way home from work to pick up a fresh, tasty dinner or maybe some cold cuts for a quick sandwich. Our delis offer a wide array of hot and cold prepared foods, plus catering service.

Our bakery departments combine counter and self-service to ensure customers are most effectively served. And such amenities as fresh meats cut to order, seafood, and international cheeses can be found at special counters throughout many of our stores.

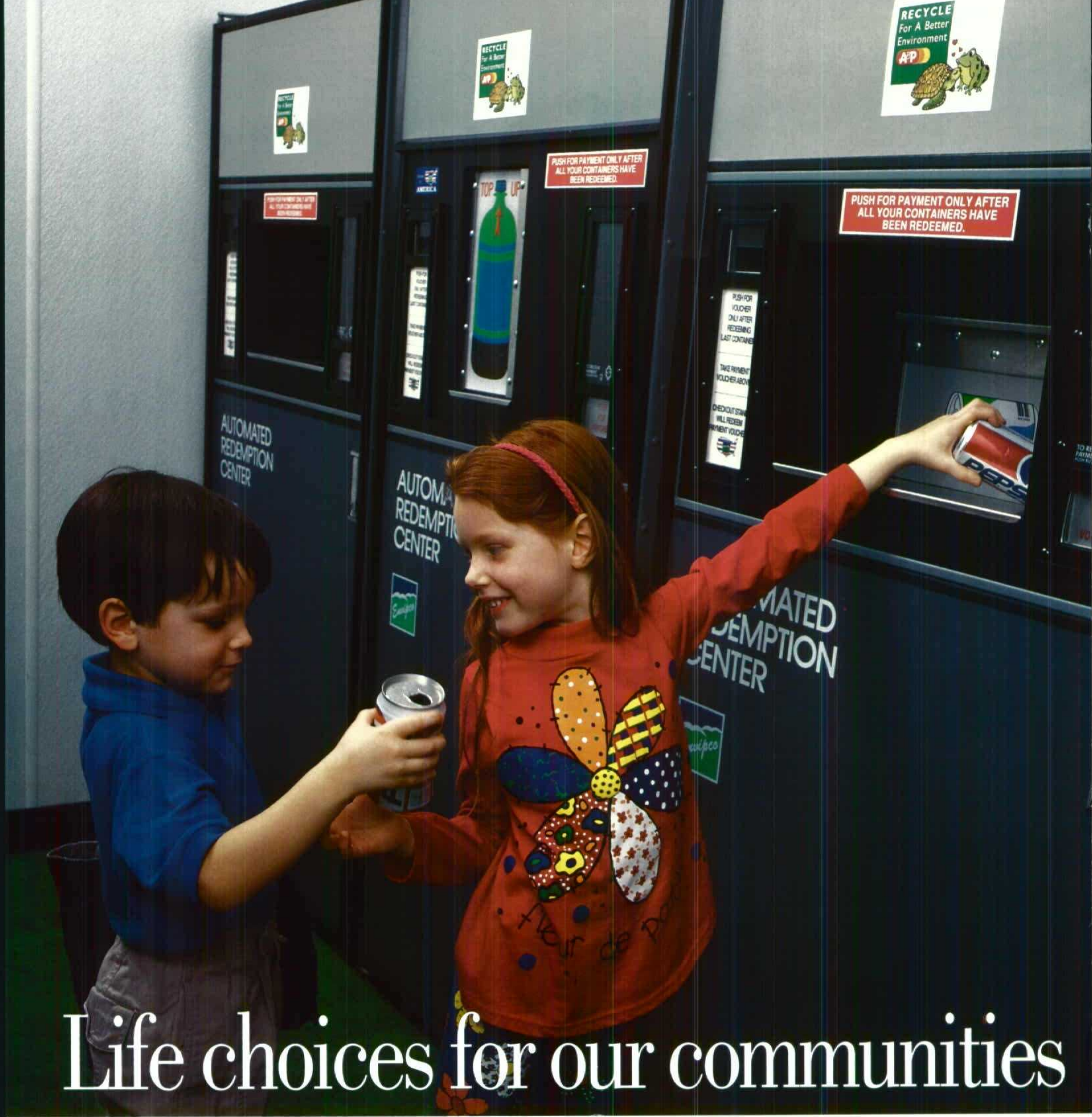
Whatever the selection, we offer our customers the best quality at an attractive price.



Quality for Added Value

Coffee tasting 1920's

A&P is dedicated to product improvement and product development. Eugene Bilenker and his staff (above), from the lab at corporate headquarters in Montvale, New Jersey, conduct technical and sensory testing to ensure that company and vendor-supplied products conform to our quality specifications and conform to regulatory guidelines. Master Choice (left) has won packaging and product awards from a number of organizations.



Life choices for our communities

Celebration
100th anniversary 1959

Turtle and frog populations are inexplicably disappearing all over the world because, experts believe, their fragile ecosystems are being disturbed by humans. We have adopted these harbingers as our environmental mascots, and we will introduce them on our bottle and can recycling machines this year (above) to help us remind customers that we are all responsible for our environment.

Conservation measures developed by our engineering department (right) help save over 242 million KWH/year, or enough electricity to power 32,302 homes for a full year.

Choice

FOR THE COMMUNITY AND THE ENVIRONMENT

In keeping with our standing as one of the oldest and largest corporations in America, we have a high level of commitment to our communities and the environment. Even though A&P is a large supermarket chain, we are also considered the corner grocer in every community in which we do business. We have the same stake and same level of community involvement as any good neighbor.

We consider the growth of our communities part of our business, and we believe that leadership is defined by example. We work with our individual store managers to develop effective community relations programs that help solve local issues and concerns.

In addition to traditional good-will activities such as food drives, the United Way, UNICEF, and Little League sponsorship, we are constantly searching for new ways to improve our communities and enhance the quality of life for our neighbors.

On a larger scale, we believe that being a good corporate citizen entails doing what we can to save the environment both directly — through energy-saving, recycling, and other environmental programs — and indirectly, through educational programs designed to help our customers help the environment.

For example, our state-of-the-art Energy Conservation System, which monitors and adjusts our operating equipment to ensure maximum energy efficiency, has received accolades and pricing credits from utilities companies. And in 1994 we will formally introduce our environmental mascots — a turtle and a frog — to our customers as we roll out a new program to build environmental awareness.

FOR THE FUTURE

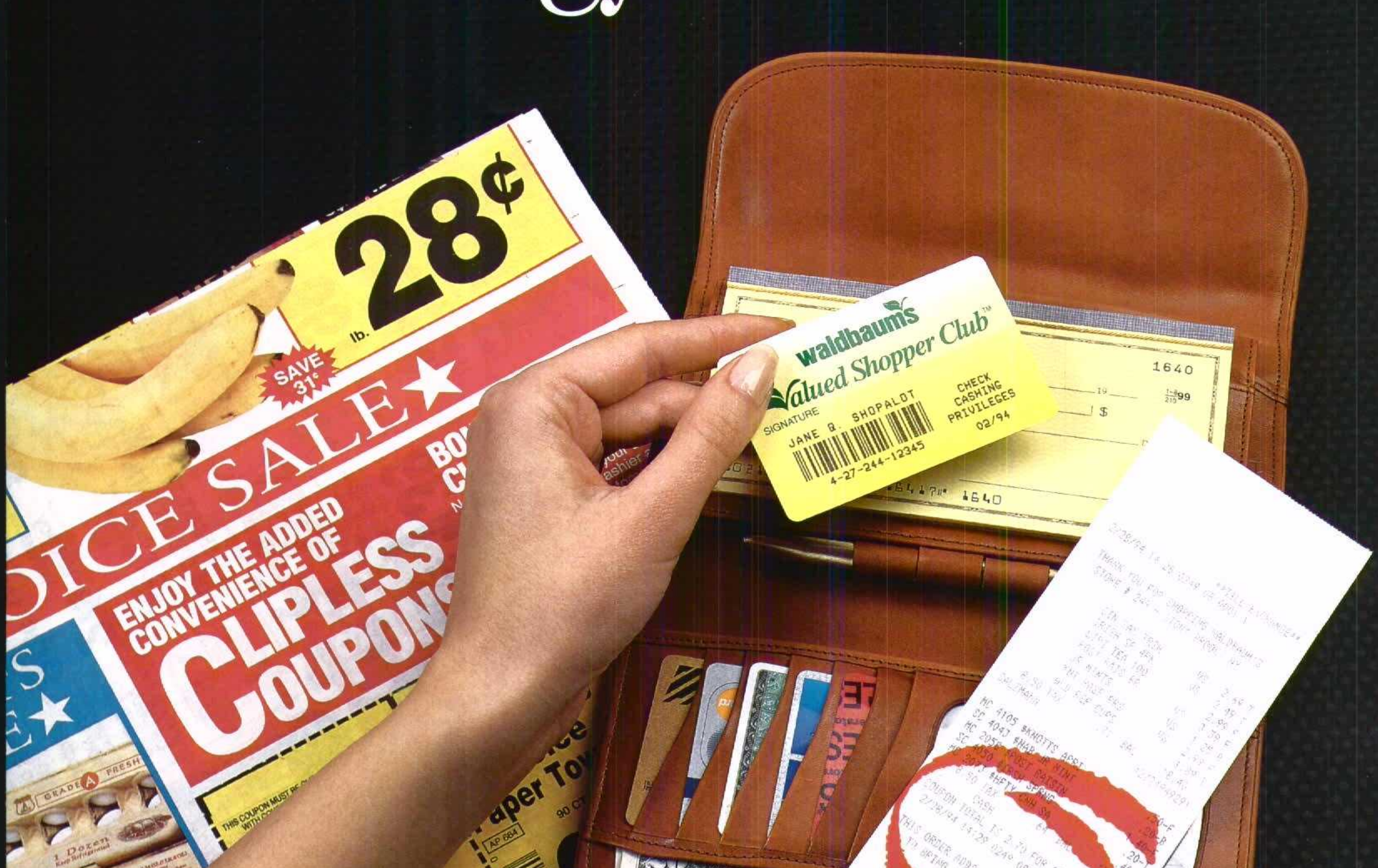
We use state-of-the-art technology to improve service, efficiency and productivity throughout the company. In fact, technology is our primary tool for building business strategies, as well as for planning the day-to-day operations of our chain of stores.

The daily activities of running the business are complex. Managing operations, tracking customer preferences, managing budgets, scheduling labor, tracking and ordering products, managing inventory, pricing, managing shelf space and assessing product profitability are all critical to success in today's competitive environment. These interdependent activities are brought together using computers and such technology as satellite transmissions.

A&P has long been an innovator in applying advanced technology to food retail operations. We will be the first large supermarket chain to fully deploy a private satellite network, which we will use to support our store operations. And our computerized entry systems make us one of the most efficient operators in the industry.

Technology allows us to be on top of our industry while maintaining both a regional and individual customer focus. Our purchasing systems use our strength as a national retailer to get the best possible prices, while we adhere to regional consumer preferences through our regional merchandising programs. Through technology, we are able to make the appropriate investment in inventory and keep tight control of costs. At the same time, we provide the choices that our customers have come to expect.

Technology Saves Time



Storefront with circulars early 1900's

Members of our Waldbaum Valued Shopper Club (above) save time and money with our Clipless Coupons program and have weekly specials automatically credited to their bill. And members can measure their savings every time they shop. Our state-of-the-art scanner system calculates and displays on each receipt the discount total for each customer. Our Catalina Coupon program (left) enables customers to take advantage of national brand offerings based on the preferences they've shown at the cash register.

Choice

EMPLOYEES

All our strategy, all our service, all our products — everything we deliver to our customers — begins with our employees. Our store operations team is responsible for consistently delivering high-quality service and products to millions of customers day-in and day-out. These people are the heart of our business.

To help them do their multi-faceted jobs, we have developed training systems that combine the best of the old and the new. Our standardized operation procedures are reviewed and revised at least every six months. Those standards are the foundation of our training programs. They also include innovative management techniques to help our front-line employees respond quickly and efficiently to customer needs.

Additional career opportunities are available in our regional and corporate offices, where backgrounds in accounting, advertising, communications, computers, construction, customer service and other fundamental business disciplines are always in high demand. Here, too, a store background is helpful, and we are constantly looking for opportunities to promote from within the company, especially from the store level.

As in the past, our continued success depends on our dedication to providing increasing challenges and opportunities to our employees. Many of our company's top-level management team began their careers in store operations. They started as clerks and rose through the ranks, and we believe that future company leaders are being trained in our stores right now.

OPERATING RESULTS

Fiscal 1993 Compared with 1992

Sales for fiscal 1993 were $10.4 billion, a net decrease of $115 million or 1.1% when compared to fiscal 1992 sales of $10.5 billion. A lower Canadian exchange rate accounted for $119 million of the sales decline. In addition, a labor strike, causing a 14-week closure of 63 Miracle Food Mart and Ultra Mart stores in Ontario, Canada, negatively impacted sales by an estimated $166 million or 1.6%. Under Ontario law, the Company could not hire replacement workers and, therefore, the stores were closed for business. The strike was resolved and the stores were re-opened on February 25, 1994. The new Miracle Food Mart labor agreement ended a competitive cost disadvantage that the Miracle Food Mart stores have labored under since their acquisition. The Company has recently instituted promotional campaigns to assist in regaining sales. Assuming that Miracle Food Mart re-establishes its historical sales levels, the Company anticipates that the new labor agreement will have a positive impact on operating results.

After adjusting for the effects of the strike and the decline in the Canadian exchange rate, sales were ahead of the prior year by $170 million or 1.6%. Contributing to this increase were the acquisition of 48 Big Star stores in the Atlanta, Georgia area on March 29, 1993, the opening of 16 new stores and the remodeling of 111 stores during fiscal 1993. The acquisition of Big Star stores and new store openings since the beginning of fiscal 1992 added approximately $451 million or 4.3% to sales for the 1993 fiscal year. The Company, in its continuing program to eliminate obsolete, unproductive stores, closed 84 stores during fiscal 1993. The closure of stores since the beginning of fiscal 1992 reduced comparative sales by approximately $274 million or 2.6%. Same store sales were 0.1% lower or approximately $7 million. Average weekly sales per store were approximately $168,100 in fiscal 1993 versus $165,900 in fiscal 1992 for a 1.3% increase.

Same store sales for U.S. operations declined 0.5%. A competitor's 10-week strike in fiscal 1992 in the Michigan region as well as the highly competitive sales climate and overall lack of inflation had a significant negative impact on this comparison. However, U.S. same store sales have shown steady improvement which began in the third quarter of fiscal 1992, culminating with a fourth quarter of fiscal 1993 comparative increase of 3.7%. In Canada, same store sales for the year, excluding the 63 stores closed during the period affected by the strike, improved 1.7%, while same store sales for the fourth quarter were 4.5% ahead of last year.

Gross margin as a percent of sales for both fiscal 1993 and 1992 approximated 28.5%. The gross margin dollar decrease of $29 million is primarily the result of the unfavorable effect of the Canadian exchange rate of $32 million. The U.S. gross margin increased $38 million principally as a result of increased volume of $52 million. A challenge in fiscal 1993 was the progress in turning around the Big Star stores in Metro Atlanta, which were acquired in March 1993. Atlanta has become an extremely competitive situation, and the Company is experiencing significant pressure on margins while launching a strong new marketing and merchandising program. In Canada, gross margin declined $67 million, of which $52 million was caused by volume declines primarily as a result of the aforementioned labor strike and $32 million due to the aforementioned Canadian exchange rate decline. Offsetting this decline was an increase of 0.9% or $17 million in the gross margin rate.

Store operating, general and administrative expense of $2.9 billion in fiscal 1993 remained relatively unchanged from prior year, with increased store occupancy and store promotion costs offsetting decreased customer and employee accident costs. As a percent of sales, such costs were 27.8% in fiscal 1993 as compared to 27.6% in fiscal 1992. U.S. expenses increased $38 million, principally store labor related to the improved sales volume and increased store occupancy costs. Canadian expenses decreased $48 million primarily due to the decline in the Canadian exchange rate and reduced expenses from store closures during the 14-week labor strike partially offset by a $17 million charge for an early retirement program in the Miracle Food Mart labor settlement.

Included under the Company's 1993 year-end balance sheet captions "Other accruals" and "Other non-current liabilities" are amounts totaling approximately $41 million associated with store closing liabilities. During fiscal 1993 approximately $35 million were charged against these reserves, which included approximately $27 million relating to the realignment of store operations reserve established in the prior year. See "Realignment of Store Operations" footnote for further discussion.

Interest expense decreased from the previous year primarily due to reduced capital lease obligations and lower interest rates on bonds and short-term borrowings partially offset by higher outstanding borrowings.

Income before income taxes and cumulative effect for fiscal 1993 was $7 million compared to a net loss of $172 million in fiscal 1992. The pre-tax income for fiscal 1993 reflects

income from U.S. operations of $52 million offset by a loss in Canada of $45 million. The Canadian loss is primarily attributable to the aforementioned labor strike, which adversely impacted pre-tax income by an estimated $40 million. Excluding the $40 million impact from the Canadian strike in fiscal 1993, the $151 million provision for the Isosceles investment and the $43 million charge for realignment of store operations in fiscal 1992, income before income taxes and cumulative effect for fiscal 1993 increased $25 million or $.39 per share from fiscal 1992.

The income tax provision recorded in fiscal 1993 reflects the 1% increase in the corporate tax rate, partially offset by retroactive targeted jobs tax credits as prescribed in the Omnibus Budget Reconciliation Act of 1993. The tax benefit recorded in fiscal 1992 resulted primarily from the provision for the potential loss on Isosceles investment and the charge for realignment of store operations, both recorded in fiscal 1992.

Fiscal 1992 Compared with 1991

Sales for fiscal 1992 were $10.5 billion, a 9.4% decrease when compared to fiscal 1991 (a 53-week year) sales of $11.6 billion. The extra week in fiscal 1991 and the decline in the Canadian exchange rate accounted for approximately one-third of the reported sales decline. The remainder of the sales decrease was attributable to the continued general slowdown of the economy in our major markets (New York, Michigan and Ontario, Canada) and the closing of 56 stores since the end of fiscal 1991. Sales by the Company's United States small store sector, excluding Food Emporiums, in general have lagged behind sales by the Company's other store formats. The Company has been reducing the overall number of small stores in the United States and intends to continue to do so over the next five years. See "Liquidity and Capital Resources". The performance of the Company's Canadian operations has had the greatest negative impact on the Company's overall sales during the past two years. Canadian sales for fiscal 1992 were $2.2 billion as compared to $2.6 billion in 1991.

During fiscal 1992, the Company opened 11 new stores and remodeled 102 existing stores. Same store sales declined 5.9% when comparing fiscal 1992 performance with that of 1991. However, same store sales during the fourth quarter of fiscal 1992 showed improvement, declining only 3.1% when compared to the fourth quarter of fiscal 1991.

Gross margin as a percent of sales for fiscal 1992 was 28.5% as compared to 27.7% in fiscal 1991. The increase in margin is primarily attributable to the continued benefits derived from the Company's centralized purchasing function and change in product mix, partially offset by special price reductions and promotions.

Store operating, general and administrative expense declined slightly from $3.0 billion in fiscal 1991 to $2.9 billion in fiscal 1992. As a percent of sales, such costs were 27.6% in fiscal 1992 as compared to 26.0% in fiscal 1991. The increased percentage is a function of lower sales levels experienced during fiscal 1992.

In fiscal 1992, the Company reassessed store operations in its markets and closed certain stores and has identified certain other stores to be closed in the future as part of its realignment of certain geographical areas in the U.S. and Canada. Accordingly, the Company recorded a charge of $43 million to cover the cost of these closings. This program, which included 72 stores, is expected to be substantially completed by the end of fiscal 1995. Charges related to this realignment include future rent, property taxes, common area maintenance costs and equipment disposition costs. The Company anticipates that these costs, which only include costs subsequent to the actual store closing, will be paid principally over four years. This realignment program is an integral part of the Company's long-term strategic and profit plans. Included under the Company's 1992 year-end balance sheet captions "Other accruals" and "Other non-current liabilities" are amounts totaling approximately $60 million associated with store closing liabilities. See "Realignment of Store Operations" footnote for further discussion.

Canada's pre-tax loss was $38.7 million in fiscal 1992, which included a charge of $10 million associated with the aforementioned realignment of store operations. In fiscal 1991, the Canadian operations posted a pre-tax profit of $5.4 million. The fall off in pre-tax profit is attributable to the decline in sales volume and the previously mentioned realignment charge.

Interest expense decreased when compared to the prior fiscal year primarily as a result of lower interest rates.

During fiscal 1992, the Company recorded a provision for potential loss on its total investment in Isosceles PLC of $151.2 million ($89.2 million after giving effect for applicable income tax benefits associated with this charge). See "Investment in Isosceles" footnote for further discussion.

Effective March 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("SFAS 106") and Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" ("SFAS

109"). As a result, the Company recorded charges of $26.5 million (net of applicable income tax benefits) and $64.5 million for SFAS 106 and SFAS 109, respectively, as the cumulative effect of these changes on prior years.

The income tax benefit recorded is principally attributable to the provision for the potential loss on Isosceles investment and the charge for realignment of store operations.

LIQUIDITY AND CAPITAL RESOURCES

The Company ended the fiscal year with working capital of $79 million compared to $57 million and $174 million at February 27, 1993 and February 29, 1992, respectively. The Company had cash and short-term investments aggregating $124 million at the end of fiscal 1993 compared to $110 million and $136 million at the end of fiscal 1992 and 1991, respectively. The Company also has in excess of $300 million in various available credit facilities. See "Indebtedness" footnote for further discussion.

During fiscal 1993, the Company financed its capital expenditures, debt repayments, cash dividends and the acquisition of Big Star through internally generated funds and with proceeds of the $200 million Senior Notes at 7.70% issued in January 1994 and due in 2004. U.S. bank borrowings were $116 million at February 26, 1994 as compared to $120 million at February 27, 1993. U.S. bank borrowings during fiscal 1993 were at an average interest rate of 3.4% compared to 3.5% in fiscal 1992.

For fiscal 1994, the Company has planned capital expenditures of approximately $340 million for 35 new stores and approximately 120 remodels and expansions as compared to 16 new stores and 111 remodels and expansions in fiscal 1993. The Company plans to maintain at least this level of expenditure each year through fiscal 1997. Eleven new stores, with a cost approximating $40 million, which were included in the fiscal 1993 original plan, have been delayed mainly to permit compliance with applicable regulatory requirements. It has been the Company's experience over the past several years that it typically takes 12 to 18 months after opening for a new store to begin generating operating profit. Risks inherent in retail real estate investments are primarily associated with competitive pressures in the marketplace. From fiscal 1994 through fiscal 1998, the Company intends to improve the use of technology through scanning and other technological advances to improve customer service and store operations and merchandising, to intensify advertising and promotion and to enhance purchasing and merchandising. The Company expects to close approximately 50 stores per year over fiscal years 1994 and 1995.

The Company's Five-Year Development Plan includes 175 new stores over the next five years, with an attendant increase in net square footage of 3% per year, and the remodeling of approximately 125 stores per year. The Company's concentration will be on larger stores in the 50,000 to 60,000 square foot range. Costs of each project will vary significantly based upon size, marketing format, geographic area and development involvement required from the Company. The planned costs of these projects average $3,000,000 for a new store and $900,000 for a remodel or enlargement. Traditionally, the Company leases real estate and expends capital on leasehold improvements and store fixtures and fittings. Based upon current business conditions, the Company anticipates that it may be required to increase its purchase and development of real estate. Consistent with the Company's history, most new store activity will be directed into those areas where the Company achieves its best profitability. Remodeling and enlargement programs are normally undertaken based upon competitive opportunities and usually involve updating a store to a more modern and competitive format. Capital expenditures are expected to increase each fiscal year through 1997.

At fiscal year end, the Company's existing senior debt rating was BBB- with Standard & Poor's Ratings Group and Baa3 with Moody's Investors Service. A change in either of these ratings could affect the availability and cost of financing.

The Company's current cash resources, together with income from operations, are sufficient for the Company's 1994 capital expenditure program, scheduled debt repayments and dividend payments in fiscal 1994.

IMPACT OF NEW ACCOUNTING STANDARD

During November 1992, Statement of Financial Accounting Standards No. 112 "Employers' Accounting for Postemployment Benefits" ("SFAS 112") was issued. SFAS 112 requires the accrual of postemployment benefits provided to former or inactive employees after employment but before retirement. The Company will adopt this statement effective February 27, 1994. The Company's current accounting policy is to accrue for workers' compensation and other long-term disability-related benefits and to expense other postemployment benefits, such as severance and short-term disability, as incurred. Based upon the Company's estimates, the impact of adopting SFAS 112 will not have a material effect on the Company's consolidated financial statements.

STATEMENTS OF CONSOLIDATED OPERATIONS

The Great Atlantic & Pacific Tea Company, Inc.

(Dollars in thousands, except per share figures)	Fiscal 1993	Fiscal 1992	Fiscal 1991
Sales	$10,384,077	$10,499,465	$11,590,991
Cost of merchandise sold	(7,425,578)	(7,511,910)	(8,377,710)
Gross margin	2,958,499	2,987,555	3,213,281
Store operating, general and administrative expense	(2,890,219)	(2,900,249)	(3,009,427)
Realignment of store operations	-	(43,000)	-
Income from operations	68,280	44,306	203,854
Interest expense	(63,318)	(66,436)	(81,416)
Interest income	1,599	1,267	1,526
Provision for potential loss on Isosceles investment	-	(151,238)	-
Income (loss) before income taxes and cumulative effect	6,561	(172,101)	123,964
Benefit (provision) for income taxes	(2,602)	73,600	(53,300)
Income (loss) before cumulative effect	3,959	(98,501)	70,664
Cumulative effect on prior years of changes in accounting principles:			
Income taxes	-	(64,500)	-
Postretirement benefits	-	(26,500)	-
Net income (loss)	$ 3,959	$ (189,501)	$ 70,664
Earnings (loss) per share:			
Income (loss) before cumulative effect	$ .10	$ (2.58)	$ 1.85
Cumulative effect on prior years of changes in accounting principles:			
Income taxes	-	(1.69)	-
Postretirement benefits	-	(.69)	-
Net income (loss) per share	$ .10	$ (4.96)	$ 1.85

STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

The Great Atlantic & Pacific Tea Company, Inc.

(Dollars in thousands)	Fiscal 1993	Fiscal 1992	Fiscal 1991
Common stock:			
Balance beginning of year	$ 38,229	$ 38,224	$ 38,219
Exercise of options	-	5	5
	$ 38,229	$ 38,229	$ 38,224
Capital surplus:			
Balance beginning of year	$ 453,475	$ 437,972	$ 437,949
Exercise of options and cumulative tax effect of phantom share agreement	-	15,503	23
	$ 453,475	$ 453,475	$ 437,972
Cumulative translation adjustment:			
Balance beginning of year	$ (12,809)	$ 1,395	$ 9,679
Exchange adjustment	(13,294)	(14,204)	(8,284)
	$ (26,103)	$ (12,809)	$ 1,395
Retained earnings:			
Balance beginning of year	$ 555,796	$ 775,873	$ 735,778
Net income (loss)	3,959	(189,501)	70,664
Cash dividends	(30,576)	(30,576)	(30,569)
	$ 529,179	$ 555,796	$ 775,873
Treasury stock, at cost:			
Balance beginning of year	$ (361)	$ (358)	$ (355)
Purchase of Treasury stock	(2)	(3)	(3)
	$ (363)	$ (361)	$ (358)

See Notes to Consolidated Financial Statements on pages 23 through 28.

The Great Atlantic & Pacific Tea Company, Inc.

(Dollars in thousands)	February 26, 1994	February 27, 1993
ASSETS		
Current assets:		
Cash and short-term investments	$ 124,236	$ 110,120
Accounts receivable	190,954	194,557
Inventories	850,077	856,319
Prepaid expenses and other assets	65,072	60,496
Total current assets	1,230,339	1,221,492
Property:		
Land	106,904	96,491
Buildings	257,313	229,658
Equipment and leasehold improvements	2,185,280	2,117,898
Total-at cost	2,549,497	2,444,047
Less accumulated depreciation and amortization	(984,752)	(881,242)
	1,564,745	1,562,805
Property leased under capital leases	122,788	141,339
Property-net	1,687,533	1,704,144
Other assets	180,823	165,294
	$3,098,695	$3,090,930
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 77,755	$ 104,660
Current portion of obligations under capital leases	16,097	18,021
Accounts payable	458,875	512,604
Book overdrafts	196,818	161,851
Accrued salaries, wages and benefits	173,366	157,405
Accrued taxes	35,879	11,953
Other accruals	192,342	198,229
Total current liabilities	1,151,132	1,164,723
Long-term debt	544,399	414,301
Obligations under capital leases	162,866	182,066
Deferred income taxes	100,405	141,184
Other non-current liabilities	145,476	154,326
Shareholders' equity:		
Preferred stock-no par value; authorized-3,000,000 shares; issued-none		
Common stock-$1 par value; authorized-80,000,000 shares; issued 38,229,490 shares	38,229	38,229
Capital surplus	453,475	453,475
Cumulative translation adjustment	(26,103)	(12,809)
Retained earnings	529,179	555,796
Treasury stock, at cost, 9,157 and 9,098 shares, respectively	(363)	(361)
Total shareholders' equity	994,417	1,034,330
	$3,098,695	$3,090,930

See Notes to Consolidated Financial Statements on pages 23 through 28.

The Great Atlantic & Pacific Tea Company, Inc.

(Dollars in thousands)	Fiscal 1993	Fiscal 1992	Fiscal 1991
Cash Flows From Operating Activities:			
Net income (loss)	$ 3,959	$ (189,501)	$ 70,664
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Provision for potential loss on Isosceles investment	-	151,238	-
Realignment of store operations	-	43,000	-
Cumulative effect on prior years of changes in accounting principles:			
Income taxes	-	64,500	-
Postretirement benefits	-	26,500	-
Depreciation and amortization	235,910	228,976	224,641
Deferred income tax provision (benefit) on income (loss) before cumulative effect	(19,568)	(87,800)	16,700
(Gain) loss on disposal of owned property	1,032	(2,472)	1,912
(Increase) decrease in receivables	1,936	(18,538)	13,074
Decrease in inventories	12,928	45,367	24,773
(Increase) decrease in other current assets	(7,981)	1,906	(12,042)
Decrease in accounts payable	(1,557)	(50,761)	(99,506)
Increase (decrease) in accrued expenses	46,292	(10,081)	(37,657)
Decrease in store closing reserves	(34,522)	(7,944)	(11,003)
Increase (decrease) in other accruals	(23,586)	23,621	21,359
Other	(1,237)	(6,677)	5,303
Net cash provided by operating activities	213,606	211,334	218,218
Cash Flows From Investing Activities:			
Expenditures for property	(267,329)	(204,870)	(161,902)
Proceeds from disposal of property	19,464	12,573	7,090
Acquisition of business, net of cash acquired	(42,948)	-	-
Net cash used in investing activities	(290,813)	(192,297)	(154,812)
Cash Flows From Financing Activities:			
Proceeds from debt	218,524	8,839	13,257
Payment of debt	(114,826)	(32,788)	(44,097)
Principal payments on capital leases	(18,876)	(18,565)	(25,527)
Increase in book overdrafts	39,192	29,767	24,535
Cash dividends	(30,576)	(30,576)	(30,569)
Proceeds from stock options exercised	-	27	28
Purchase of Treasury stock	(2)	(3)	(3)
Net cash provided by (used in) financing activities	93,436	(43,299)	(62,376)
Effect of exchange rate changes on cash and short-term investments	(2,113)	(1,784)	(954)
Net Increase (Decrease) in Cash and Short-term Investments	14,116	(26,046)	76
Cash and Short-term Investments at Beginning of Year	110,120	136,166	136,090
Cash and Short-term Investments at End of Year	$124,236	$ 110,120	$136,166

See Notes to Consolidated Financial Statements on pages 23 through 28.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal Year

The Company's fiscal year ends on the last Saturday in February. Fiscal 1993 ended February 26, 1994, fiscal 1992 ended February 27, 1993 and fiscal 1991 ended February 29, 1992. Fiscal 1993 and 1992 were each comprised of 52 weeks while fiscal 1991 was comprised of 53 weeks.

Common Stock

The principal shareholder of the Company, Tengelmann Warenhandelsgesellschaft, owned 53.7% of the Company's common stock as of February 26, 1994.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries.

Cash and Short-term Investments

Short-term investments that are highly liquid with an original maturity of three months or less are included in cash and short-term investments and are deemed to be cash equivalents. The carrying amount approximates fair value.

Inventories

Store inventories are valued principally at the lower of cost or market with cost determined under the retail method. Other inventories are valued primarily at the lower of cost or market with cost determined on a first-in, first-out basis. Inventories of certain acquired companies are valued using the last-in, first-out method, which was their practice prior to acquisition.

Properties

Depreciation and amortization are provided on the straight-line basis over the estimated useful lives of the assets. Buildings are depreciated based on lives varying from twenty to fifty years and equipment based on lives varying from three to ten years. Equipment and real property leased under capital leases are amortized over the lives of the respective leases. Properties designated for sale are classified as current assets.

Pre-opening Costs

The costs of opening new stores are expensed in the year incurred.

Earnings (Loss) Per Share

Earnings (loss) per share is based on the weighted average number of common shares outstanding during the fiscal year which was 38,220,000 in fiscal 1993, 38,219,000 in fiscal 1992 and 38,211,000 in fiscal 1991. Stock options outstanding had no material effect on the computation of earnings (loss) per share.

Excess of Cost over Net Assets Acquired

The excess of cost over fair value of net assets acquired is amortized on a straight-line basis over forty years. At each balance sheet date, management reassesses the appropriateness of the goodwill balance based on forecasts of cash flows from operating results on an undiscounted basis. If the results of such comparison indicate that an impairment may be likely, the Company will recognize a charge to operations at that time based upon the difference between the present value of the expected cash flows from future operating results (utilizing a discount rate equal to the Company's average cost of funds at the time) and the then balance sheet value. The recoverability of goodwill is at risk to the extent the Company is unable to achieve its forecast assumptions regarding cash flows from operating results. The Company estimates that the cash flows projected to be generated on an undiscounted basis should be sufficient to recover the goodwill balance over its remaining life.

Income Taxes

The Company provides deferred income taxes on temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. Investment tax credits are amortized over the estimated useful lives of the related assets. As of the beginning of fiscal 1992, the Company adopted Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" ("SFAS 109").

Current Liabilities

Under the Company's cash management system, checks issued but not presented to banks frequently result in overdraft balances for accounting purposes and are classified as "Book overdrafts" in the balance sheet.

The Company accrues for vested and non-vested vacation pay. Liabilities for compensated absences of $84 million and $87 million at February 26, 1994 and February 27, 1993, respectively, are included in the balance sheet caption "Accrued salaries, wages and benefits."

Reclassifications

Certain reclassifications have been made to the prior years' financial statements in order to conform to the current year presentation.

ACQUISITIONS

In March 1993, the Company acquired certain assets, including inventory, of 48 Big Star stores in the Atlanta, Georgia area for approximately $43 million. As of the acquisition date, the fair value of assets recorded was $72 million and liabilities assumed were $48 million. The acquisition has been accounted for as a purchase and, accordingly, the excess of cost over the fair market value of net assets acquired of approximately $19 million has been included in the balance sheet caption "Other assets."

REALIGNMENT OF STORE OPERATIONS

During fiscal 1992, the Company reassessed store operations in its markets and has closed certain stores and has identified certain other stores to be closed in the future as part of its realignment of

certain operating divisions in the United States and Canada. This program, which included 72 stores, is expected to be substantially completed by the end of fiscal 1995. The Company recorded a charge of $43 million in fiscal 1992 to cover the cost of these closings, including future rent, property taxes, common area maintenance costs and equipment disposition costs. The Company anticipates that these costs, which only include costs subsequent to the actual store closing, will be paid principally over four years. During fiscal 1993, store closing costs of approximately $27 million were charged to this reserve, which did not include the costs associated with closing older and outmoded stores which close in the ordinary course of business and tend to be insignificant as these stores are generally near the end of their lease term and have low net asset values. The Company believes that, within a three to five year period, this program will have a positive effect on future operations and cash flows.

INVESTMENT IN ISOSCELES

During fiscal 1992, the Company recorded a non-recurring pre-tax charge of $151.2 million for the potential loss on its investment in Isosceles PLC ("Isosceles"). The Company's decision to record a provision for the potential loss of its investment in Isosceles occurred in July 1992. The Company monitored its investment in Isosceles through the analysis of Isosceles' prepared business plans and cash flow projections. In September of 1990 the Company chose not to participate in a recapitalization of Isosceles resulting in a significant decline in its percentage ownership position. Late in 1991, new management was appointed at Isosceles and in June 1992 the Company was informed by new management that a significantly different operating strategy would be implemented. The Company was further informed by new Isosceles management that this new strategy would result in substantially reduced operating results and that Isosceles shareholders had suffered a significant diminution in the value of their holdings. Shortly thereafter, the Company concluded that the recovery of any of its investment in Isosceles had become remote and that it was appropriate to write-off its entire investment.

INVENTORY

Approximately 24% of the Company's inventories are valued using the last-in, first-out ("LIFO") method. Such inventories would have been $17 million and $20 million higher at February 26, 1994 and February 27, 1993, respectively, if the retail and first-in, first-out methods were used. During fiscal 1993, a LIFO credit was generated from reduced inventory quantities and a lower internally generated price index. The effect of these reductions was to decrease cost of goods sold by approximately $3 million and to increase net earnings by $1.8 million or $.05 per share. The LIFO charge to earnings per share for fiscal years 1992 and 1991 was $.01 and $.05, respectively.

LITIGATION

The Company is involved in various claims, administrative agency proceedings and lawsuits arising out of the normal conduct of its business. Although the ultimate outcome of these legal proceedings cannot be predicted with certainty, the management of the Company believes that the resulting liability, if any, will not have a material effect upon the Company's consolidated financial statements or liquidity.

OPERATIONS IN GEOGRAPHIC AREAS

The Company has been engaged in the retail food business since 1859 and currently does business principally under the names A&P, Waldbaum's, Food Emporium, Super Fresh, Farmer Jack, Kohl's, Dominion and Miracle Food Mart. Sales in the table below reflect sales to unaffiliated customers in the United States and Canada.

(Dollars in thousands)	Fiscal 1993	Fiscal 1992	Fiscal 1991
Sales:			
United States	$ 8,466,338	$ 8,286,270	$ 8,994,405
Foreign	1,917,739	2,213,195	2,596,586
Total	$10,384,077	$10,499,465	$11,590,991
Income (Loss) From Operations:			
United States	$ 101,305	$ 68,987	$ 183,724
Foreign	(33,025)	(24,681)	20,130
Total	$ 68,280	$ 44,306	$ 203,854
Assets:			
United States	$ 2,528,239	$ 2,425,291	$ 2,403,201
Foreign	570,456	665,639	890,066
Total	$ 3,098,695	$ 3,090,930	$ 3,293,267

INDEBTEDNESS

Debt consists of:

(Dollars in thousands)	February 26, 1994	February 27, 1993
9 1/8% Notes, due January 15, 1998	$200,000	$200,000
8 1/8% Notes, due January 15, 1994	-	100,000
7.70% Senior Notes, due January 15, 2004	200,000	-
Mortgages and Other Notes, due 1994 through 2014 (average interest rates at year end of 9.1% and 9.0%, respectively)	52,032	60,976
U.S. Bank Borrowings at 3.6% and 3.3%, respectively	116,000	120,000
Canadian Commercial Paper at 4.5% and 6.8%, respectively	54,681	38,775
Less unamortized discount on Notes	(559)	(790)
	622,154	518,961
Less current portion	(77,755)	(104,660)
Long-term debt	$544,399	$414,301

As of February 26, 1994, the Company has outstanding a total of $400 million of unsecured, non-callable public debt securities in the form of $200 million 9 1/8% Notes due 1998 and $200 million 7.70% Notes due 2004. As of February 26, 1994, the fair values of these securities, based on quoted market prices, were $214 million and $194 million, respectively. With respect to all other indebtedness, Company management has evaluated such debt instruments and has determined, based on interest rates and terms, that the fair value of such indebtedness approximates carrying value at February 26, 1994.

The Company has a $250 million U.S. credit agreement with banks enabling it to borrow funds on a revolving basis sufficient to refinance any outstanding short-term borrowings. In addition, the U.S. has lines of credit with banks in excess of $230 million. Borrowings under U.S. lines of credit were $116 million and $120 million at February 26, 1994 and February 27, 1993, respectively. The Company pays a commitment fee ranging from 3/16% to 3/8% per annum on the unused portion of the Company's revolving credit facility. The Company's Canadian subsidiary has a C$100 million commercial paper program. Canadian commercial paper borrowings were C$74 million and C$48 million at February 26, 1994 and February 27, 1993, respectively.

The Company's loan agreements contain certain financial covenants including the maintenance of minimum levels of shareholders' equity and limitations on the incurrence of additional indebtedness and lease commitments. The Company was in compliance with such covenants as of February 26, 1994.

The net book value of real estate pledged as collateral for all mortgage loans amounted to approximately $82 million as of February 26, 1994. Combined U.S. bank and Canadian commercial paper borrowings of $100 million as of February 26, 1994 are classified as non-current as the Company has the ability and intent to refinance these borrowings on a long-term basis.

Maturities for the next five fiscal years are: 1994-$78 million; 1995-$28 million; 1996-$78 million; 1997-$205 million; 1998-$10 million. Interest payments on indebtedness were approximately $41 million for fiscal 1993, $39 million for fiscal 1992 and $49 million for fiscal 1991.

LEASE OBLIGATIONS

The Company operates primarily in leased facilities. Lease terms generally range up to twenty-five years for store leases and thirty years for other leased facilities, with options to renew for additional periods. The majority of the leases contain escalation clauses relating to real estate tax increases and certain store leases provide for increases in rentals when sales exceed specified levels. In addition, the Company leases some store equipment and trucks.

The consolidated balance sheets include the following:

(Dollars in thousands)	February 26, 1994	February 27, 1993
Real property leased under capital leases	$256,156	$288,954
Equipment leased under capital leases	3,361	7,865
	259,517	296,819
Accumulated amortization	(136,729)	(155,480)
	$122,788	$141,339

The Company entered into $2 million of new capital leases during fiscal 1993 and $11 million during fiscal 1991. The Company did not enter into any new capital leases in fiscal 1992. Interest paid as part of capital lease obligations was approximately $22, $24 and $27 million in fiscal 1993, 1992 and 1991, respectively.

Rent expense for operating leases consists of:

(Dollars in thousands)	Fiscal 1993	Fiscal 1992	Fiscal 1991
Minimum rentals	$153,914	$154,099	$156,981
Contingent rentals	6,883	7,957	9,146
	$160,797	$162,056	$166,127

Minimum annual rentals for leases in effect at February 26, 1994 are shown in the table below. All amounts are exclusive of lease obligations and sublease rentals applicable to facilities for which reserves have previously been established.

(Dollars in thousands)	Capital Leases		
Fiscal	Equipment	Real Property	Operating Leases
1994	$737	$ 35,698	$ 141,487
1995	16	33,227	137,245
1996	-	30,878	130,580
1997	-	28,897	125,090
1998	-	27,258	118,419
1999 and thereafter	-	184,380	1,052,473
	753	340,338	$1,705,294
Less executory costs	-	(3,309)	
Net minimum rentals	753	337,029	
Less interest portion	(34)	(158,785)	
Present value of net minimum rentals	$719	$ 178,244	

INCOME TAXES

The components of income (loss) before income taxes and cumulative effect are as follows:

(Dollars in thousands)	Fiscal 1993	Fiscal 1992	Fiscal 1991
United States	$ 52,280	$(133,378)	$118,612
Foreign	(45,719)	(38,723)	5,352
Total	$ 6,561	$(172,101)	$123,964

The provision (benefit) for income taxes consists of the following:

(Dollars in thousands)	Fiscal 1993	Fiscal 1992	Fiscal 1991
Current:			
Federal	$ 13,500	$ 21,800	$29,800
Canadian	5,744	(12,800)	2,100
State and local	2,926	5,200	4,700
	22,170	14,200	36,600
Deferred:			
Federal	2,723	(62,500)	11,300
Canadian	(22,486)	(5,400)	(600)
State and local	195	(19,900)	6,000
	(19,568)	(87,800)	16,700
	$ 2,602	$(73,600)	$53,300

The deferred income tax provision results primarily from the impact of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws.

The income tax provision recorded in fiscal 1993 reflects the increase in the corporate tax rate of 1%, partially offset by retroactive targeted jobs tax credits as prescribed by the Omnibus Budget Reconciliation Act of 1993. The income tax benefit recorded in fiscal 1992 resulted primarily from the provision for the potential loss on the Company's total investment in Isosceles and the charge for realignment of store operations.

During fiscal 1991, the deferred income tax provision resulted primarily from accelerated tax depreciation, insurance, leasing, employee benefits and tax on undistributed earnings of Canadian subsidiaries.

The provision for income taxes includes amortization of investment tax credits of approximately $1 and $2 million in fiscal 1992 and 1991, respectively. For tax purposes, the Company has Canadian operating loss carryforwards of approximately $107 million which expire between fiscal 1997 and fiscal 2000. Deferred income taxes of approximately $6.7 million have not been provided on approximately $15 million of undistributed earnings of the Canadian subsidiaries which are considered to be permanently invested.

A reconciliation of income taxes at the 35% federal statutory income tax rate for 1993, and 34% for both 1992 and 1991 to income taxes as reported is as follows:

(Dollars in thousands)	Fiscal 1993	Fiscal 1992	Fiscal 1991
Income taxes computed at federal statutory income tax rate	$2,296	$(58,514)	$42,148
Effect of 1% statutory rate change	2,519	-	-
Targeted jobs tax credits	(1,656)	-	-
State and local income taxes, net of federal tax benefit	2,031	(9,729)	7,066
Tax differential relating to foreign operations	(3,261)	(4,969)	(524)
Depreciation/amortization attributable to excess cost over tax basis of certain assets	673	612	6,436
Amortization of investment tax credits	-	(1,000)	(1,826)
Income taxes as reported	$2,602	$(73,600)	$53,300

As of the beginning of fiscal 1992, the Company adopted SFAS 109. As a result, the Company reflected the cumulative effect on prior years of the change in accounting principle by recording a charge of $64.5 million ($1.69 per share). In conjunction with the adoption of SFAS 109, the Company has remeasured prior acquisitions which has resulted in an increase in liabilities assumed of $22 million. In addition, the Company recorded a $15.5 million tax benefit resulting from payments from the Company's principal shareholder to the Company's Chief Executive Officer under a phantom stock agreement. This amount has been recorded as a credit to the Capital Surplus of the Company.

Income tax payments for fiscal 1993, 1992 and 1991 were approximately $15, $34 and $41 million, respectively.

The components of net deferred tax assets (liabilities) are as follows:

(Dollars in thousands)	February 26, 1994	February 27, 1993
Current assets:		
Insurance reserves	$ 22,536	$ 38,136
Other reserves	16,969	15,077
Lease obligations	2,210	2,299
Pension obligations	8,299	-
Miscellaneous	4,791	3,695
	54,805	59,207
Current liabilities:		
Inventories	(15,802)	(15,476)
Pension obligations	-	(2,699)
Miscellaneous	(1,799)	(1,212)
	(17,601)	(19,387)
Deferred income taxes included in prepaid expenses and other assets	$ 37,204	$ 39,820
Non-current assets:		
Alternative minimum tax credits	$ 39,600	$ 44,000
Provision for potential loss on Isosceles investment	42,617	41,603
Other reserves	20,087	24,654
Lease obligations	22,280	22,382
Canadian loss carryforward	43,075	13,653
Insurance reserves	9,446	9,221
Other retiree benefits	17,884	17,311
Cumulative translation adjustment	19,189	8,902
Miscellaneous	8,591	3,377
	222,769	185,103
Non-current liabilities:		
Depreciation of fixed assets	(247,039)	(249,154)
Pension obligations	(17,530)	(16,309)
Undistributed earnings of Canadian subsidiaries	(24,922)	(27,000)
Miscellaneous	(33,683)	(33,824)
	(323,174)	(326,287)
Deferred income taxes	$(100,405)	$(141,184)

RETIREMENT PLANS AND BENEFITS

Defined Benefit Plans

The Company provides retirement benefits to certain non-union and some union employees under various defined benefit plans. The Company's defined benefit pension plans are non-contributory and benefits under these plans are generally determined based upon years of service and, for salaried employees, compensation. The Company funds these plans in amounts consistent with the statutory funding requirements.

The components of net pension costs (income) are as follows:

(Dollars in thousands)	Fiscal 1993	Fiscal 1992	Fiscal 1991
Service cost	$ 10,665	$10,630	$ 10,922
Interest cost	22,997	21,842	21,204
Actual return on plan assets	(61,730)	(16,685)	(39,905)
Net amortization and deferral	35,816	(9,621)	12,642
Net pension cost	$ 7,748	$ 6,166	$ 4,863

The Company's U.S. defined benefit pension plans are accounted for on a calendar year basis while the Company's Canadian defined benefit pension plans are accounted for on a fiscal year basis. The funding for these plans is based on an evaluation of the assets and liabilities of each plan. The majority of plan assets is invested in listed stocks and bonds. The funded status of the plans is as follows:

(Dollars in thousands)	1993 Assets Exceed Accumulated Benefits	1993 Accumulated Benefits Exceed Assets	1992 Assets Exceed Accumulated Benefits	1992 Accumulated Benefits Exceed Assets
Accumulated benefit obligation:				
Vested	$244,706	$ 36,351	$212,492	$ 31,934
Nonvested	3,360	1,335	6,497	1,204
	$248,066	$ 37,686	$218,989	$ 33,138
Projected benefit obligation	$264,500	$ 40,713	$235,858	$ 35,883
Plan assets at fair value	312,900	17,679	271,554	16,109
Excess (deficiency) of assets over projected benefit obligation	48,400	(23,034)	35,696	(19,774)
Unrecognized net transition (asset) obligation	(10,974)	1,089	(12,729)	1,608
Unrecognized net (gain) loss from experience differences	(8,787)	2,590	(300)	806
Unrecognized prior service cost	4,247	4,500	5,463	4,798
Additional minimum liability	-	(5,184)	-	(4,552)
Prepaid pension asset (pension liability)	$ 32,886	$ (20,039)	$ 28,130	$(17,114)

Actuarial assumptions used to determine year-end plan status were as follows:

	1993 U.S.	1993 Canada	1992 U.S.	1992 Canada
Discount rate	7.5%	8.25%	8%	9.25%
Weighted average rate of compensation increase	4.5%	5%	5%	6%
Expected long-term rate of return on plan assets	9%	9.25%	9%	9.25%

The impact of the changes in the actuarial assumptions has been reflected in the funded status of the pension plans and the Company believes that such changes will not have a material effect on net pension cost for fiscal 1994.

Defined Contribution Plans

The Company maintains a defined contribution retirement plan to which the Company contributes 4% of eligible participants' salaries and a savings plan to which eligible participants may contribute a percentage of eligible salary. The Company contributes to the savings plan based on specified percentages of the participants' eligible contributions. Participants become fully vested in the Company's contributions after 5 years of service. The Company's contributions charged to operations for both

plans were approximately $11 million in fiscal 1993 and approximately $10 million in both fiscal 1992 and 1991.

The Company participates in various multi-employer union pension plans which are administered jointly by management and union representatives and which sponsor most full-time and certain part-time union employees who are not covered by the Company's other pension plans. The pension expense for these plans approximated $38, $39 and $40 million in fiscal 1993, 1992 and 1991, respectively. The Company could, under certain circumstances, be liable for unfunded vested benefits or other expenses of jointly administered union/management plans. At this time, the Company has not established any liabilities because such withdrawal from these plans is not probable or reasonably possible.

Other Retiree Benefits

The Company and its wholly-owned subsidiaries provide postretirement health care and life benefits to certain union and non-union employees. As of the beginning of fiscal 1992, the Company adopted Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("SFAS 106"). In accordance with SFAS 106, the Company is required to recognize the cost of providing postretirement benefits during employees' active service period. The Company's previous accounting policy had been to expense benefit costs as incurred. As a result, the Company recorded a cumulative charge of $26.5 million ($.69 per share) as the after-tax effect (federal and state) of recording the transition obligation as of the beginning of the year.

The unfunded status of the plans was as follows:

(Dollars in millions)	Fiscal 1993	Fiscal 1992
Unfunded accumulated benefit obligation:		
Retirees	$28.2	$28.6
Fully eligible active plan participants	4.9	5.0
Other active plan participants	13.8	14.0
	46.9	47.6
Unrecognized net gain from experience differences	2.0	-
Accrued postretirement costs	$48.9	$47.6
Assumed discount rate	7.5%	8.0%

Service cost benefits earned and interest cost on the projected benefit obligation were $0.6 million and $3.9 million, respectively, in fiscal 1993. The assumed rate of future increase in health care benefit cost was 12.75% in fiscal 1993 and is expected to decline to 4.75% by the year 2023 and remain at that level thereafter. The effect of a one-percentage-point increase in the assumed health care cost trend rate for each future year on the net postretirement health care cost and the accumulated postretirement benefit obligation would be $0.4 million and $4.1 million, respectively.

Postemployment Benefits

During November 1992, Statement of Financial Accounting Standards No. 112 "Employers' Accounting for Postemployment Benefits" ("SFAS 112") was issued. SFAS 112 is effective for fiscal years which began after December 15, 1993 and will require the accrual of costs for preretirement postemployment benefits provided to former or inactive employees and the recognition of an obligation for these benefits. The Company will adopt this statement effective February 27, 1994 and, based upon the Company's estimate, it will not have a material effect on its financial statements.

STOCK OPTIONS

The Company had a 1984 Stock Option Plan for its officers and key employees, which expired on February 1, 1994. The 1984 Stock Option Plan, which provided for the granting of 1,500,000 shares, was amended as of July 10, 1990 to increase by 1,500,000 the number of options available for grant as either options or Stock Appreciation Rights ("SAR's"). Each option was available for grant at the fair value of the Company's common stock on the date the option was granted. SAR's allow the optionee, in lieu of purchasing stock, to receive cash in an amount equal to the excess of the fair market value of common stock on the date of exercise over the option price. A total of 1,270,000 SAR's was granted in fiscal 1993.

A summary of option transactions is as follows:

	Shares	Price Range Per Share
Outstanding February 29, 1992	1,190,875	$ 5.50-$65.13
Granted	15,000	23.00- 24.38
Cancelled or expired	(2,500)	39.75
Options exercised	(5,000)	5.50
SAR's exercised	(4,250)	21.50
Outstanding February 27, 1993	1,194,125	$21.50-$65.13
Granted	1,270,000	23.38- 26.00
Cancelled or expired	(35,000)	23.38- 52.38
Outstanding February 26, 1994	2,429,125	$21.50 -$65.13
Exercisable at:		
February 27, 1993	967,375	$21.50-$65.13
February 26, 1994	1,252,125	$21.50-$65.13

On March 18, 1994, the Board of Directors approved (subject to shareholder approval) the 1994 Stock Option Plan for its officers and key employees. The 1994 Stock Option Plan provides for the granting of 1,500,000 shares as either options/SAR's. Options/SAR's issued under this plan will be granted at the fair market value of the Company's common stock at the date of grant.

Also on March 18, 1994, the Board of Directors approved (subject to shareholder approval) the 1994 Stock Option Plan for Non-Employee Directors. This plan provides for the grant of up to 100,000 stock options. Options issued under this plan will be granted at the fair market value of the Company's common stock at the date of grant. Pursuant to this plan, options for 18,000 shares were granted to nine (9) directors as of March 18, 1994.

SUMMARY OF QUARTERLY RESULTS

(unaudited)

The table below summarizes the Company's results of operations by quarter for fiscal 1993 and 1992. The first quarter of each fiscal year contains sixteen weeks while the other quarters each contain twelve weeks.

(Dollars in thousands, except per share figures)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
1993					
Sales	$3,279,264	$2,399,368	$2,342,935	$2,362,510	$10,384,077
Gross margin	941,154	690,493	665,579	661,273	2,958,499
Income (loss) from operations	48,005	23,778	13,386	(16,889)	68,280
Net income (loss)	17,050	5,957	379	(19,427)	3,959
Per share data:					
Net income (loss)	.45	.15	.01	(.51)	.10
Cash dividends	.20	.20	.20	.20	.80
Market price:					
High	35.000	34.000	30.000	29.000	
Low	23.125	27.875	24.875	23.750	
Number of stores at end of period	1,210	1,203	1,191	1,173	
1992					
Sales	$3,316,249	$2,431,827	$2,375,809	$2,375,580	$10,499,465
Gross margin	946,664	697,749	667,773	675,369	2,987,555
Income (loss) from operations	60,069	27,837	10,525	(54,125)	44,306
Income (loss) before cumulative effect	(66,434)	7,641	422	(40,130)	(98,501)
Cumulative effect on prior years of changes in accounting principles:					
Income taxes	(64,500)	-	-	-	(64,500)
Postretirement benefits	(26,500)	-	-	-	(26,500)
Net income (loss)	(157,434)	7,641	422	(40,130)	(189,501)
Per share data:					
Income (loss) before cumulative effect	(1.74)	.20	.01	(1.05)	(2.58)
Cumulative effect on prior years of changes in accounting principles:					
Income taxes	(1.69)	-	-	-	(1.69)
Postretirement benefits	(.69)	-	-	-	(.69)
Net income (loss)	(4.12)	.20	.01	(1.05)	(4.96)
Cash dividends	.20	.20	.20	.20	.80
Market price:					
High	34.375	29.125	28.000	27.000	
Low	29.375	25.625	21.625	22.625	
Number of stores at end of period	1,224	1,214	1,204	1,193	

MANAGEMENT'S REPORT ON FINANCIAL STATEMENTS

The management of The Great Atlantic & Pacific Tea Company, Inc. has prepared the consolidated financial statements and related financial data contained in this Annual Report. The financial statements were prepared in accordance with generally accepted accounting principles appropriate to our business and, by necessity and circumstance, include some amounts which were determined using management's best judgments and estimates with appropriate consideration to materiality. Management is responsible for the integrity and objectivity of the financial statements and other financial data included in this report. To meet this responsibility, management maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that accounting records are reliable. Management supports a program of internal audits and internal accounting control reviews to provide assurance that the system is operating effectively.

The Board of Directors pursues its responsibility for reported financial information through its Audit Review Committee. The Audit Review Committee meets periodically and, when appropriate, separately with management, internal auditors and the independent auditors, Deloitte & Touche, to review each of their respective activities.

James Wood
JAMES WOOD
Chairman of the Board
and Chief Executive Officer

Fred Corrado
FRED CORRADO
Vice Chairman of the Board,
Chief Financial Officer and Treasurer

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of The Great Atlantic & Pacific Tea Company, Inc.:

We have audited the accompanying consolidated balance sheets of The Great Atlantic & Pacific Tea Company, Inc. and its subsidiary companies as of February 26, 1994 and February 27, 1993 and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three fiscal years in the period ended February 26, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The Great Atlantic & Pacific Tea Company, Inc. and its subsidiary companies at February 26, 1994 and February 27, 1993 and the results of their operations and their cash flows for each of the three fiscal years in the period ended February 26, 1994 in conformity with generally accepted accounting principles.

Deloitte & Touche

Parsippany, New Jersey
April 28, 1994

The Great Atlantic & Pacific Tea Company, Inc.

(Dollars in thousands, except per share figures)	Fiscal 1993 (52 weeks)	Fiscal 1992 (52 weeks)	Fiscal 1991 (53 weeks)	Fiscal 1990 (52 weeks)	Fiscal 1989 (52 weeks)
Operating Results					
Sales	$10,384,077	$10,499,465	$11,590,991	$11,390,943	$11,147,997
Income (loss) before cumulative effect	3,959	(98,501)	70,664	150,954	146,698
Cumulative effect on prior years of changes in accounting principles:					
Income taxes	-	(64,500)	-	-	-
Postretirement benefits	-	(26,500)	-	-	-
Net income (loss)	3,959	(189,501)	70,664	150,954	146,698
Per Share Data					
Income (loss) before cumulative effect	.10	(2.58)	1.85	3.95	3.84
Cumulative effect on prior years of changes in accounting principles:					
Income taxes	-	(1.69)	-	-	-
Postretirement benefits	-	(.69)	-	-	-
Net income (loss)	.10	(4.96)	1.85	3.95	3.84
Cash dividends	.80	.80	.80	.775	.675
Financial Position					
Current assets	1,230,339	1,221,492	1,255,908	1,319,894	1,211,592
Current liabilities	1,151,132	1,164,723	1,082,042	1,203,643	1,131,411
Working capital	79,207	56,769	173,866	116,251	80,181
Current ratio	1.07	1.05	1.16	1.10	1.07
Total assets	3,098,695	3,090,930	3,293,267	3,415,045	2,967,297
Long-term debt	544,399	414,301	486,129	532,510	329,286
Capital lease obligations	162,866	182,066	206,003	220,892	233,564
Equity					
Shareholders' equity	994,417	1,034,330	1,253,106	1,221,270	1,092,164
Book value per share	26.02	27.06	32.79	31.96	28.59
Weighted average shares outstanding	38,220,000	38,219,000	38,211,000	38,206,000	38,198,000
Number of registered shareholders	11,831	12,309	12,871	14,210	15,045
Other					
Number of employees	94,000	90,000	94,600	99,300	91,000
Number of stores at year end	1,173	1,193	1,238	1,275	1,215
Total store area (square feet)	37,908,000	37,741,000	38,742,000	39,353,000	36,369,000

CORPORATE OFFICERS

James Wood
Chairman of the Board and Chief Executive Officer

Christian W.E. Haub
President and Chief Operating Officer

Fred Corrado
Vice Chairman of the Board, Chief Financial Officer and Treasurer

Michael J. Larkin
Executive Vice President, Operations

Peter J. O'Gorman
Executive Vice President, Development & Strategic Planning

Gerald L. Good
Senior Vice President, Chairman, A&P Tea Co. Ltd., Canada

George Graham
Senior Vice President, Chief Merchandising Officer

J. Wayne Harris
Senior Vice President, Northeast Operations

Clifford J. Horler
Senior Vice President, Development and Real Estate

Michael J. Rourke
Senior Vice President, Communications and Corporate Affairs

Ivan K. Szathmary
Senior Vice President, Chief Services Officer

Robert G. Ulrich
Senior Vice President, General Counsel

Ernest H. Berthold
Vice President, Assistant to the C.E.O.

Peter R. Brooker
Vice President, Planning and Corporate Secretary

Stephen T. Brown
Vice President, Labor Relations

Timothy J. Courtney
Vice President, Taxation

Donald B. Dobson
Vice President, Southeast and Southern Operations

R. Paul Gallant
President, Compass Foods

Kenneth W. Green
Vice President, Produce Merchandising and Procurement

Robert A. Keenan
Vice President, Chief Internal Auditor

Peter R. Lavoy
Vice President, Grocery Merchandising and Purchasing

Francis X. Leonard
Vice President, Real Estate Administration

H. Nelson Lewis
Vice President, Human Resources

Mary Ellen Offer
Assistant Corporate Secretary and Senior Counsel

R. Donald O'Leary
Vice President, Marketing

Brian Pall
Vice President, Real Estate Development

Karl Petersen
Vice President, Retail Services

Peter E. Rolandelli
Vice President, Management Information Systems

Richard J. Scola
Vice President, Assistant General Counsel

David A. Smithies
Vice President, New England Group

J. Paul Stillwell
President, Supermarket Service Corp.

Craig C. Sturken
Group Vice President, Michigan Group

Kenneth A. Uhl
Vice President, Controller

Burton J. Weinbaum
Vice President

William T. Wolverton
Vice President, Warehousing and Transportation

DIRECTORS

James Wood *(c)(d)(e)*
Chairman of the Board and Chief Executive Officer

Rosemarie Baumeister *(b)*
Executive Vice President, Tengelmann Warenhandelsgesellschaft, Germany

Fred Corrado *(c)(d)(e)*
Vice Chairman of the Board, Chief Financial Officer and Treasurer

Christopher F. Edley *(a)(b)(c)(e)(f)*
President Emeritus and former President and Chief Executive Officer of the United Negro College Fund, Inc.

Christian W.E. Haub *(d)*
President and Chief Operating Officer

Helga Haub *(c)(d)*

Barbara Barnes Hauptfuhrer *(a)(c)(d)(e)*
Director of various corporations

Paul C. Nagel, Jr. *(a)(c)(d)*
Director of various corporations

Eckart C. Siess *(e)*
Former Vice Chairman of the Board

Fritz Teelen *(d)*
President, Plus Subsidiary Tengelmann Warenhandelsgesellschaft, Germany

Henry W. Van Baalen *(b)*
Business Consultant

R.L. "Sam" Wetzel *(a)(d)(e)(f)*
President and Chief Executive Officer of Wetzel International, Inc.

(a) Member of Audit Review Committee, Paul C. Nagel, Jr., Chairman

(b) Member of Compensation Policy Committee, Henry W. Van Baalen, Chairman

(c) Member of Executive Committee, James Wood, Chairman

(d) Member of Finance Committee, R.L. Sam Wetzel, Chairman

(e) Member of Retirement Benefits Committee, Barbara Barnes Hauptfuhrer, Chairman

(f) Member of Special Compensation Committee, Christopher F. Edley, Chairman

Executive Offices
Box 418
2 Paragon Drive
Montvale, NJ 07645
Telephone 201-573-9700

Transfer Agent and Registrar
American Stock Transfer and Trust Company
40 Wall Street
New York, NY 10005
Telephone 212-936-5100

Independent Auditors
Deloitte & Touche
Two Hilton Court
Parsippany, New Jersey 07054

Shareholder Inquiries, Publications and Address Changes
Shareholders, security analysts, members of the media and others interested in further information about the Company are invited to contact the Corporate Affairs Department at the Executive Offices in Montvale, New Jersey.

Correspondence concerning address changes should be directed to:
American Stock Transfer and Trust Company
40 Wall Street
New York, NY 10005
Telephone 212-936-5100

Form 10-K
Copies of Form 10-K filed with the Securities and Exchange Commission will be provided to shareholders upon written request to the Secretary at the Executive Offices in Montvale, New Jersey.

Annual Meeting
The Annual meeting of Shareholders will be held at 10:00 a.m. on Tuesday, July 12, 1994 at the Park Ridge Marriott Hotel, Park Ridge, New Jersey. Shareholders are cordially invited to attend.

Common Stock
Common stock of the Company is listed and traded on the New York Stock Exchange under the ticker symbol "GAP" and has unlisted trading privileges on the Boston, Midwest, Philadelphia, Cincinnati, and Pacific Stock Exchanges. The stock is reported in newspapers and periodical tables as "GtAtPc."

This report is printed on recycled paper.

AMERICA'S CHOICE

A&P

ESTABLISHED
1859

FOR 135 YEARS